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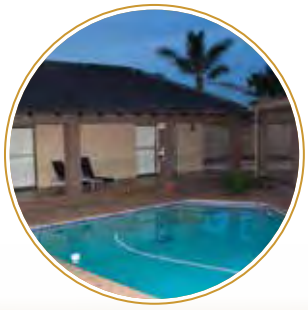

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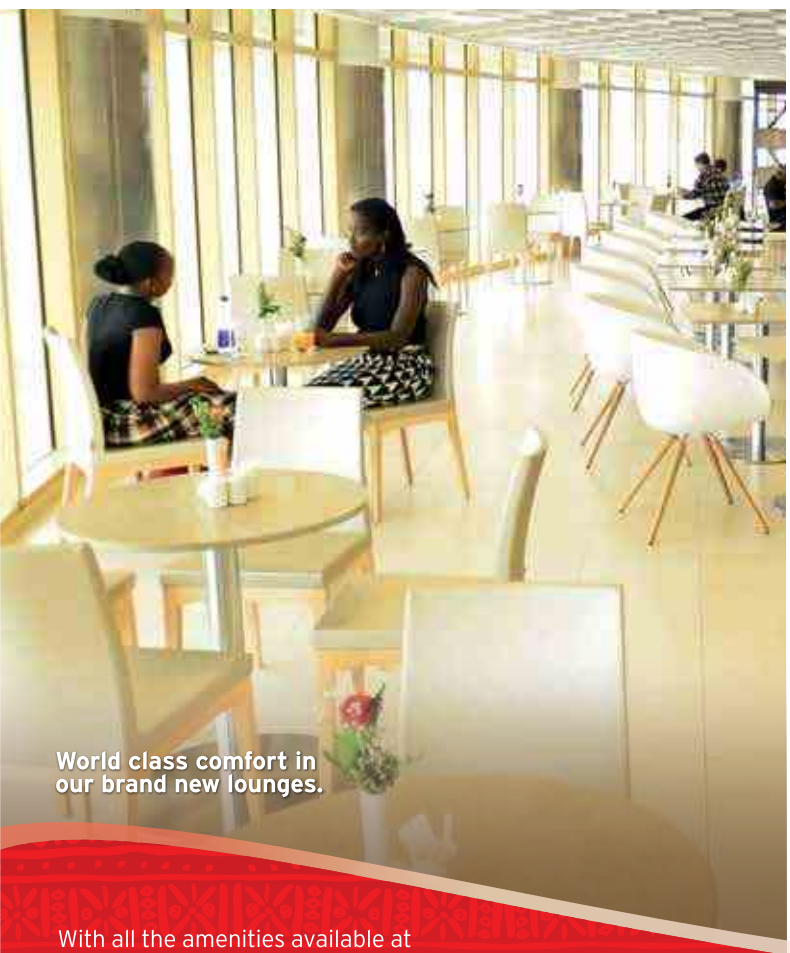

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EDITOR'S NOTE
IT'S ALL ABOUT LEADERSHIP

In the past quarter, I have had the profound privilege of being a participant in the media fellowship of The African Leadership Initiative. It has given me the opportunity to interact with professionals from Kenya, Nigeria and South Africa on matters related to both media and governance.

I have come to realise that our collective situation is highly dependent on our leadership. Leaders have the power to determine the strategic direction the people they govern will take.

In this edition we look at the choices African countries are making at the ballot with respect to their leadership. That is our cover story courtesy of The Conversation - a website comprised of intellectuals from which we have sourced a few thought provoking articles. These include a discussion on how South Africa could tackle its tertiary fees funding shortfall, a look into the #sowhite Academy Awards and a piece on the robust argument that the super wealthy hold the key to the end of world poverty.

With the Rand having taken an absolute hiding from the greenback, I pen a research backed write up on its performance against other African currencies. I further discuss the influence of net worth declarations on our children as well as how two CEOs would fare in a game of monopoly on the back of their revelations of how much they own. My final article considers the socio-economic arguments against disruptive technologies in Africa.

We bring you two inspiring profiles in this piece which give further insight on corporate leadership: Zimbabwean Janah Ncube, the Pan-African director of the global non-profit Oxfam and Nigerian Soji Akinlabi, the man behind the ambitious media start up that is Africa Business Radio. We also chat to George Pearson of Moneygram, a guru in the area of compliance who has a few choice quotes worth committing to memory.

Finally, our regular columnists Wanjiru Waichigo-Njogu, Yaw Peprah and Chaitwa Mamoyo give us their first contributions of 2016.

As you enjoy the read, meditate upon the words of John Quincy Adams: "if your actions inspire others to dream more, learn more, do more and become more, then you are a leader".

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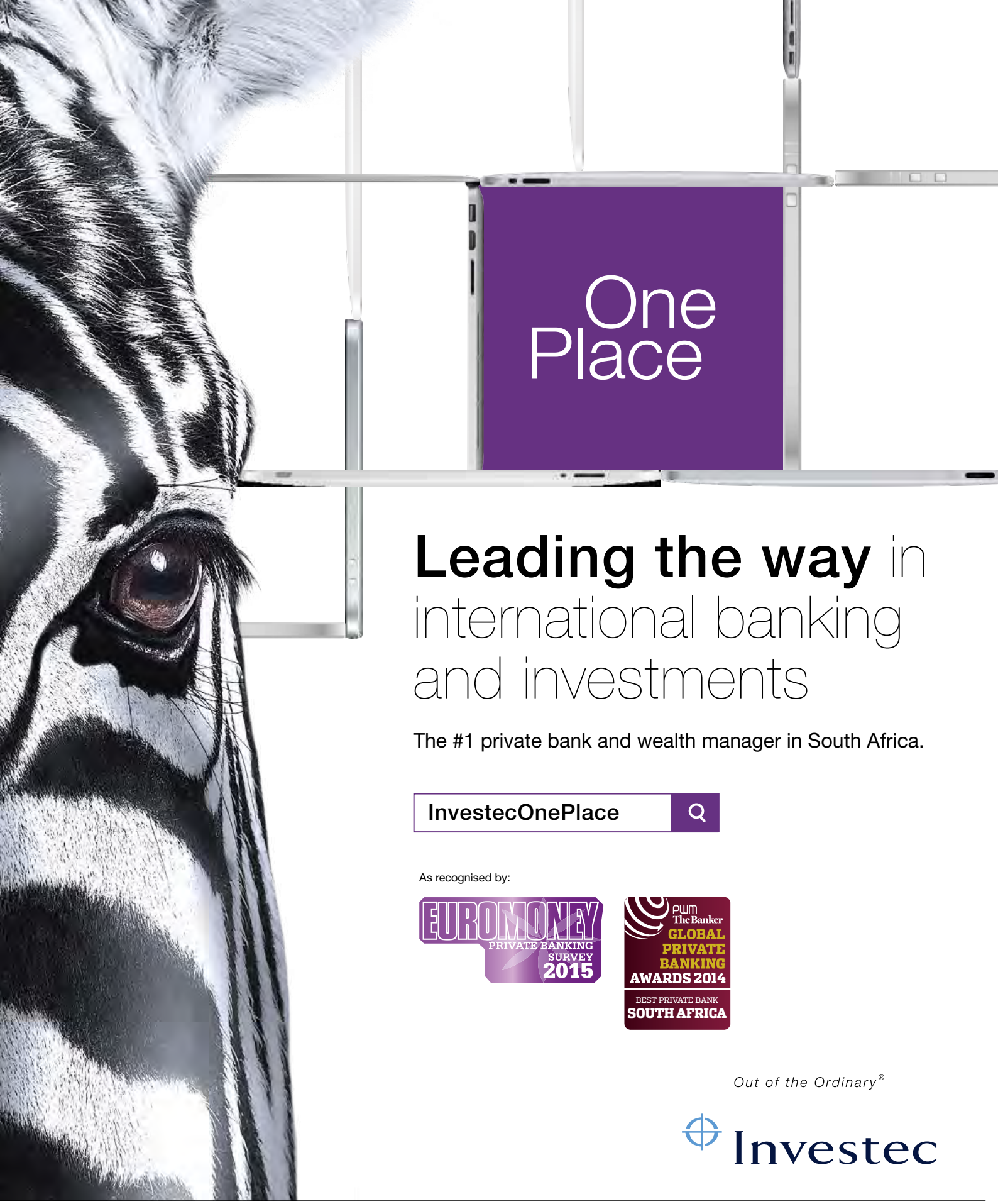

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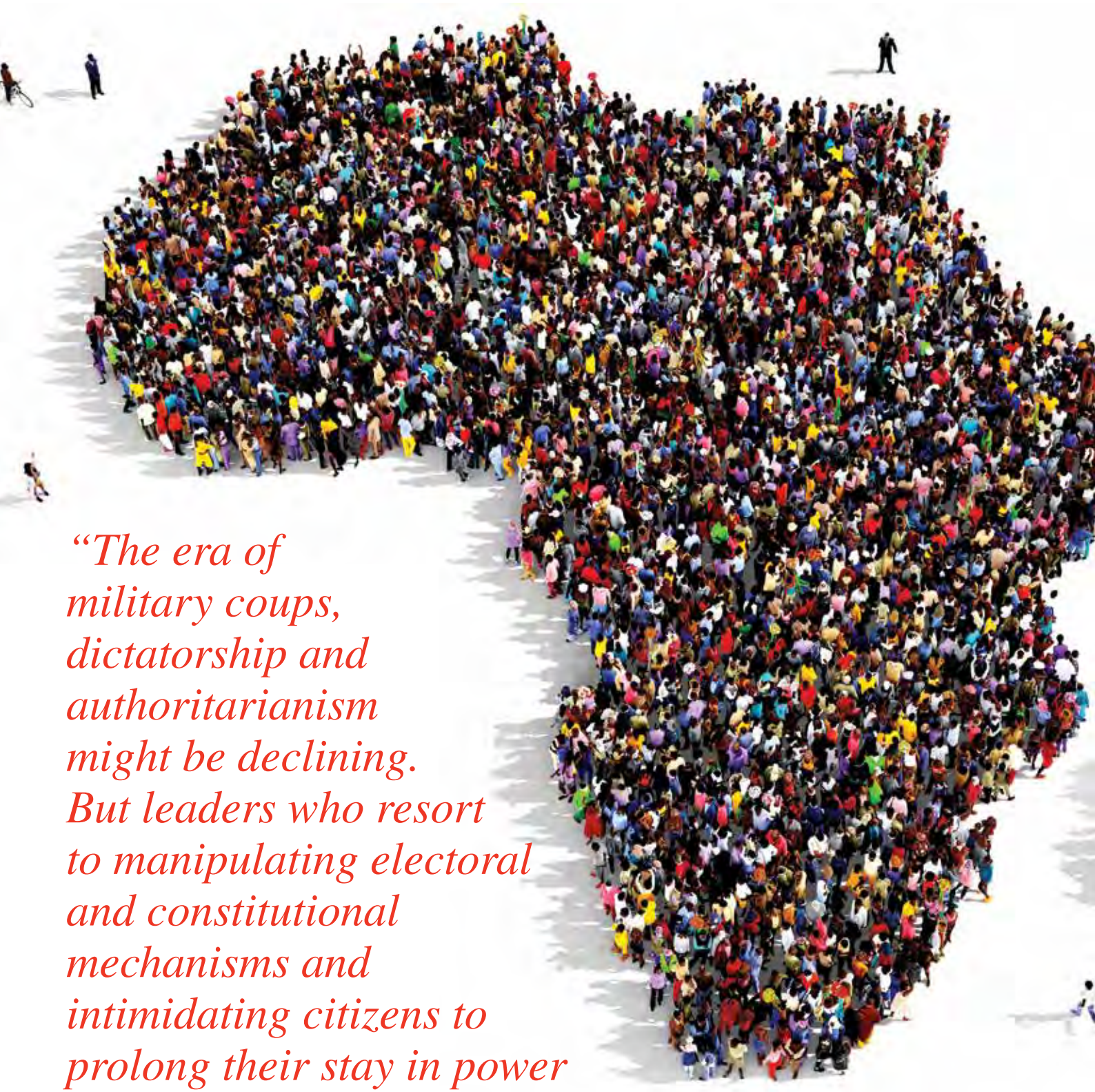

"The era of military coups, dictatorship and authoritarianism might be declining. But leaders who resort to manipulating electoral and constitutional mechanisms and intimidating citizens to prolong their stay in power pose new challenges."

This year, like 2015, promises to be yet another busy year in Africa's electoral democracy stakes. More than a third of the continent's 54 countries will conduct polls. All elections are important, but in some countries they carry particular weight.

Key ones coming up are:
Senatorial, state and federal constituency elections in Nigeria. In Africa's most populous nation elections can serve as a yardstick for advancing electoral democracy. This year's elections are expected to lead to further governance reforms. They follow last year's presidential poll which ushered in a new government.

Burkina Faso also experienced fundamental change in 2015 with the departure of President Blaise Compaore. The change must be consolidated with electoral participation of citizens and normalisation of politics in soon-to-be-held municipal elections.

Elections in the Central African Republic will be closely watched. They present an opportunity for stabilising a country that has experienced conflict.

Zambia's situation is unique. Its recent elections led to a change of government through the ballot — a rare phenomenon in African politics. Presidential and general elections are due in August.

Uganda's presidential poll will undoubtedly test President Yoweri Museveni's entrenchment of power. Uganda will face the challenge of adhering to international and African Union election standards by ensuring level playing fields for all candidates.

The DRC presidential election set for November will also be scrutinised because of previous violence and the country's propensity for instability.

Ghana's general elections in November might provide lessons on how to trust in the power of the ballot and run elections peacefully. But its leadership faces severe constraints given that the economy is in the doldrums. It has had to turn to the IMF for assistance.

South Africa will arguably hold its most important municipal elections since 1994. To be held between May and August, the elections will test the popularity of the governing African National Congress. Signs are its support is falling in some municipalities.
Elections this year will be held as economic growth shows signs of slowing in Africa. Tougher economic times might heighten electoral stakes.

The good and the bad of 2015

In 2015 almost 20 African countries held municipal, regional, general, presidential elections and by-elections. Two referenda were also held in Rwanda and the Republic of Congo (Brazzaville).

Rwanda's citizens apparently voted overwhelmingly in favour of extending President Paul Kagame's term of office, possibly until 2034. The referendum ostensibly suggests that the incumbent respects the popular will by subjecting the term limit to the vote.

The Republic of Congo's President Dennis Sassou Nguesso also called a referendum to amend the presidential term and age limits, a move rejected by opposition parties. He thus joined African leaders who devise innovative means to cling to power while opposing the provisions of the African Charter on democracy, elections and governance.

But how significant are elections in Africa?

Regular changes of government through free, fair and democratic elections that reflect the wishes of the majority of voters are critical for democratisation.

The 2015 polls could tempt us to perceive elections as a reliable measure of democratisation. But 2015 presented mixed opportunities and drawbacks for democratisation. A major drawback is that some leaders clung to power and elections simply became rubber stamping exercises for the incumbents. This happened in the DRC, Rwanda, Congo (Brazzavile) and Gabon.

Elections are an essential component of democratisation, but other more important measures include:

- narrowing the rich-poor gap,
- improving living standards and promoting active citizenship,
- freedom of expression and media,
- respect for human rights and rule of law, and
- accountable public representatives.

Isolated successes were registered in last year's elections. Some countries for once conducted polls acceptable to local opposition parties, civil society and domestic and international observers. Fewer incidents of violence were seen. Tanzania was a particular case in point.

But, nothing spectacular emerged from Africa's 2015 elections. Some polls actually perpetuated the usual stereotype of violent elections that threaten peace, stability and democratisation.

They also presented doubts about some incumbents' legitimacy to rule.

Unfulfilled expectations

There were high expectations about the impending polls early in 2015.

First, they were expected to continue the 1990s trend of further democratisation but with the hope that they would comply with international and African Union standards. Such elections must have integrity, be free, fair and reflect the wishes of the electorate.

Zambia's presidential elections early in 2015 following the death of President Michael Sata provided some interesting lessons. The opposition claim that the election results did not reflect the will of the people. The process therefore remains incomplete. Zambians will hold presidential elections followed by parliamentary and local government polls in August. Second, Africa's 2015 elections were expected to consolidate democracy at least in countries that now hold regular polls.

And thirdly, the 2015 elections were also expected to help produce leaders with greater legitimacy and accountability.

Perhaps not surprisingly, Ethiopia, Burundi and the DRC produced results where the pendulum swung towards questionable and mediocre ends contrary to election best practices. Thus, this expectation remains unfulfilled.

Ethiopia's election results suggested a landslide victory for its governing party despite opposition allegations of irregularities. Such scenarios usually create legitimacy crises and may undermine government's accountability.

For Burundi, the current turmoil is traceable to its questionable elections after ignoring advice that they be postponed to allow for a more conducive atmosphere. The subsequent polls were boycotted by the opposition. They were also shunned by African and international observers.

Third term machinations

Admittedly, citizens have a right to propose constitutional amendments to allow leaders to govern for as long as electorates want. But the tendency by some leaders to extend terms by manipulating national constitutions weakens democratisation and constitutionalism.

President Pierre Nkurunziza's amendment of Burundi's constitution and his decision to run for a disputed third term is a case in point.

The era of military coups, dictatorship and authoritarianism might be declining. But leaders who resort to manipulating electoral and constitutional mechanisms and intimidating citizens to prolong their stay in power pose new challenges.

Research suggests that Africa's elections are struggling to enhance its democratic trajectory. Examining the 2015 elections in Lesotho, Burundi, Ethiopia, Côte d'Ivoire, Guinea, Niger, Sudan, Togo, Benin, Comoros and Egypt hardly inspires confidence. This does not augur well for Africa's 2016 polls, nor future elections.

KEALEBOGA J MAPHUNYE
Wiphold-Brigalia Bam Chair in Electoral Democracy in Africa, University of South Africa.

This article was originally published on The Conversation.

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JANAH NCUBE

PAN AFRICA DIRECTOR AT OXFAM

Janah is a Zimbabwean social entrepreneur and champion for the poor and marginalised in Africa. She has been working with others to empower African citizens to realise their right to participate in governance and development. She has worked in executive and senior management roles in the last 15 years with a particular focus on Africa's regional integration, fighting poverty and injustice, women's rights with organisations such Oxfam her current employer, the Centre for Citizens' Participation on the African Union (CCP-AU), as the SADC Secretariat, Women in Politics Support Unit amongst others. This work has led her to be recognised as a thought leader on the African Union, African politics, civil society and social movements, women's rights, gender and development. Her courage and exceptional work led to her being nominated as one of the 10 most outstanding young people in Zimbabwe in 2011 by the Junior Chamber International. In 2005 the University of Bradford awarded her the Hilary Rose Prize for her outstanding contribution in managing diversity and gender relations; in 2006, she graduated as an Arch Bishop Desmond Tutu fellow of the Africa Leadership Institute (AfLI) and is also a fellow of the African Women's Leadership Institute amongst other international awards. A true pan Africanist at heart, Janah believes that Africans have the capacity, resources and answers to lift Africa out of poverty, transform it such that it works for Africans. Motivated by this belief, she has recently established Inspiring Africa, an initiative seeking to empower and mentor women and youth leaders of Africa to harness their potential and live more purposeful lives transforming themselves and the continent of Africa. She is a Chevening (UK) scholar, holding a Masters Degree on Gender and Women's Studies from the University of Bradford. Janah is

married to Norman Musimwa and together they have 2 daughters, Anashe Harmony and Luyanda Anisa.

Tell us about Oxfam and what your job as Pan Africa Director (PAD) entails?

Oxfam is a global organisation that fights poverty and injustice. The Oxfam Pan Africa Programme (PAP) works with African citizens and organisations to achieve their aspirations for justice, equality, sustainable development and stability through improving the implementation of continental and regional mechanisms and commitments. The PAD therefore maintains and builds relationships with a wide range of leaders and actors within multi-lateral, Government and civil society agencies as well as developing alliances and social movements. Working with other Oxfam global and country teams to develop common policy positions for Oxfam. As the PAD I contributes to the overall leadership of Oxfam through active engagement with organizational initiatives, strategies and programmes. I am also responsible for managing four themmatic teams to creatively deliver on our strategic objectives which are based on Oxfam's change goals. We believe in using evidence based lobbying, advocacy and campaigning to bring about change.

How many people do you manage and what are their roles?

I lead and manage about 18 people. We have four areas of work that we are currently investing in as part of the Pan African Programme. These are

Finance for Development – we work with others to improve the quality of Aid to Africa particularly that Aid should strengthen our institutions and build capacity for African governments to collect and safeguard Africa's own resources. So the issue of disbanding Tax havens, fighting corruption, effective taxation and stopping illicit financial flows are dear to us.

Gender Justice and Women's Rights – securing and protecting women's human rights through legal empowerment is one of our key objectives. We also excited by our new work on Women's Transformational Leadership which is about ensuring that institutions, companies and organizations in Africa are changed to be gender sensitive and also is about encouraging women in leadership to leverage their positions, power and access to transform the lives of women in their sphere of influence and work.

Our Economic Justice work focuses on pushing for ways of ensuring food security in Africa. It is a sin that people in Africa can die of hunger, starvation and/or suffer malnutrition etc when we have over 60% of our land unfarmed. So we are promoting the implementation of CAADP, support to small scale farmers especially women farmers because it is they who are feeding our homes and if supported can feed our nations.

And finally on Democratic Governance – we are empowering citizens to demand accountability from their governments on commitments and promises made at the African Union but many times are not being realized at the country level.

We are reaching millions through our work, engaging over 20 African governments on these issues and working with the African Union and some of its organs such as NEPAD and the Pan African Parliament. We received two awards, one in 2012 from NEPAD and in another in 2013 from the African Union Commission in recognition of our work and contribution to Africa's development.

What do you think is your management style and leadership philosophy?

I am very results oriented. I expect high quality results within deadlines. As the leader of the team I believe my job is to support and facilitate my team to deliver expected results. That support is given through

- decisiveness, honest feedback, openness
- get them the resources, access, space they need to do their work
- providing innovative solutions when challenges emerge.
- creating an environment that is friendly, open, respectful, positive
- recognizing and rewarding each individual's input, attributes and
- encouraging, coaching and mentoring team members so they grow, develop and reach their personal aspirations as they do their work

I believe in working in a team – I recognize that by myself I accomplish much less than what can be accomplished when working with others towards a common goal. As part of a team, I believe all team members need to participate in developing our goals, objectives and expectations (or at least understand them). Everybody

"I believe that if the team is well skilled and resourced, with clear expectations and defined roles – team members need to be given the space to do their work with minimum supervision. This enables team members to also grow as they can make decisions that enable them to succeed at their tasks while enabling the team to achieve its goals…"

brings a valuable perspective and capacity which increases the quality of decisions and output. This approach requires creating space and room for consultation, input and de-emphasizes hierarchies. It also demands clarity of expectations i.e. defining what needs to be done, why and how, when and by who; it also demands that within the team, roles and responsibilities are well defined and team members recognize the importance of their individual contributions to the desired results. I believe that if the team is well skilled and resourced, with clear expectations and defined roles – team members need to be given the space to do their work with minimum supervision. This enables team members to also grow as they can make decisions that enable them to succeed at their tasks while enabling the team to achieve its goals.

What could say you are particularly proud of since taking over Oxfam?

It has been an interesting season since I joined Oxfam. I can say that I am proud of some of the policy changes that have taken place in some countries. Like our partner in Ghana IDEG, for instance was able to advocate for government to adopt the youth charter. It is one of its national policies. And that's the focus of our work where we really advocating that national governments adopt these continental frameworks because there are much more progressive in our national laws.

I was in Tunisia recently where I was working with our partners from the Arab Institute of Human rights. I was fascinated by their programme which is really mobilizing citizens to motivate their government to adopt AU instruments at their country level.

In Nigeria, our local partner CISLAC' was able to use the Protocol on the right of women in Africa to press the local government for market women. You get these amazing things that are happening at a local level through our work – its inspiring.

You have received several accolades, which one stands out for you?

I can say all them are humbling because it means there are people out there who are recognizing my contribution. I think the one that impacted me the most was The Junior Chamber International naming me one of the outstanding young Zimbabweans for the work and role I played in Zimbabwe in politics and governance. I had not lived in Zimbabwe for about five years when I received. It said to me, despite not being physically being in Zimbabwe, the work that I have been doing was being recognized as important into the development of my country

Where do you want to see yourself in 5 years from now?

I am a big believer of that for Africa to develop and get out of poverty it lies with Africans and African institutions. As African people, we individually have the power to transform our state of poverty and our government structures and continental institutions have a part to. I see myself continuing to work for my people, my continent and towards their development in one of our regional integration institutions.

Do you have any political ambitions?

Yes I do. It is Condoleezza Rice who articulated it so well – there is no higher honour than to service one's nation. So I do look forward to that in a public office role – one day.

What position do you see yourself gunning for?

I think it is not about positions, it is about recognizing where you can make a tremendous difference. It is about identifying a position that enables you to have access to requisite resources, opportunities and influence for you to make that difference. So I don't have in mind any particular position at the moment like president or minister or member of parliament, it is actually about where can I make a tremendous impact for my people and for my country. I believe politics is a key spectrum and that I have a future there. In what role and in what position I think it has to be determined by what awaits me.

KEITH KUNDAI

7 SIMPLE STEPS TO
IMPROVE CUSTOMER SATISFACTION

If you're in the business of selling products and services, a content and loyal customer is gold. However, as technology-enhanced, real-time communication grows, a dissatisfied customer is a ticking time-bomb that can do significant damage to your reputation.

Leading integrated business solutions provider, Nashua, recently completed a comprehensive customer service survey to find out just how it measures up in the eyes of their customers. The results revealed interesting insights, as well as an impressive score of 77%. Drawing on their own knowledge and feedback from customers, Nashua has identified seven key steps to improving customer service:

1. Choose the right medium

It's vital to know when to use technology-based services and when to rely on human interaction. An online form or automated response might work for a customer who's looking for efficiency and a quick-fix, but someone who's desperately seeking consolation, advice or assistance won't react well to a machine. Train service agents to know when which form of service is most appropriate.

2. Streamline consultancy

Working with one consultant is invaluable for customers. One point of contact simplifies exchange, makes problem solving efficient and decreases frustration levels. This system also allows consultants to build strong and lasting relationships with clients.

3. Reward valuable customers

Tailored services for long-standing clients, as well as new and existing 'big spenders' is a useful value-add – whether it's additional or personalised services or exclusive benefits. This can result in significant growth and investment from the customer's side.

4. Listen well

'Customer service' often drums up images of sub-par call centres, but valuable support can be offered in so many ways. Social media, if used properly, can be a powerful tool in gaining insights from customers to improve service. Feedback is never diluted and happens in real-time, which is a huge asset, if managed properly.

5. Specialised support

Effective communication is the first tenant of great customer service. This means if your customer service support team isn't speaking the same language as your customers – literally and figuratively – you'll never be offering the best service possible. Make sure your support team is tailored according to region, accents and even vernacular, to ensure a fruitful exchange.

6. First-time fix

As far as possible, make sure customers' issues are resolved the very first time they complain, so clients experience the least downtime and maximise efficiency. First Time Fix (FTF) is a sure-fire way to get repeat business.

7. Follow up

A customer scorned once is dangerous, a customer scorned twice is fatal – and they will not hesitate to make their plight known. Even after the resolution of an issue, there should always be some kind of follow-up communication to check the problem hasn't returned, and the client is happy. It never goes amiss.

GULLAN & GULLAN

GEORGE PEARSON

COMPLIANCE OFFICER AT MoneyGram money transfer

George Charles Pearson is a South African national with a passion for compliance. Having completed his undergraduate studies in law, he pursued post-graduate qualifications in money laundering control, criminal justice and forensic auditing, compliance and corporate governance. He chatted to TAP about his job and career perspectives.

What career advice would you give to young professionals?

I have a few sayings that have always inspired me to do better. Attitude equals Altitude; with a good attitude and a positive outlook, you will fly higher. Reach for the stars, you never know when you might touch one. Never give up, strive to do better every time. It will get noticed. Always be humble, remain who you are, never change no matter how senior you become. Work hard and play hard, especially if you're still young. Work life balance is extremely important.

What are your interests outside of the work-place and why do you find these things to be of interest to you?

Spending time with my family is most important to me. My wife and daughter are my greatest supporters and I love them dearly. As a typical South African, I enjoy rugby and cricket and I am an avid Springbok and Proteas supporter. I used to play tennis at club level, however I struggle to find the time. Otherwise I enjoy having a braai or going out for dinner with close friends and family.

What have been the highs and lows of your career with Moneygram?

The highlight of my career at MG was being nominated to lead an extended region comprising one hundred countries for an interim period between September 2013 and October 2014 spanning across Africa through to French Polynesia. The support I received from the teams was astounding. This would however also be the low point given that I spent extended time away from my family. However, this has exposed me to an experience I would not have gained anywhere else and to different people and cultures.

From your own perspective, how do you view MoneyGram as an organisation?

Moneygram provides an essential financial service to many people around the world. We connect friends and family and support financial inclusion. As diverse as our consumers are, so too is our employee base.

What life lessons have you gathered so far that you live by and would like to share with others?

Being ethical, respectful and courteous costs nothing. Get involved in doing something that gives back to the community. If you're unhappy with something get rid of it or get out of it. Listen to your mother, you only realize she was always right when it is too late. Say please and thank you, it actually makes things happen.

How do you define success?

Success has different meanings for different people. Some measure it by the amount of money they make, others by the promotions or the awards they receive. I believe each person is successful when they achieve certain goals. My goal is to always share and enhance the knowledge of people around me. When someone congratulates me on the performance or approach from someone on my team, then I know I was successful.

What is your leadership and management style?

Leadership and management are two vastly different words. My leadership style is that of setting an example, being approachable, enabling others to act and giving recognition where it is due. Leadership is about inspiring people. If you are an exemplary leader you do not need to manage people. My management style is not to micro manage but in the spirit of enabling others, to give people their own responsibilities and understanding accountability.

If your email signature had to have a quote – what would it be?

I have been using the same quote for about 12 years: if you think compliance is expensive, try the cost of non-compliance. This has been at the core of my career over the last 12 years. I do however quite like a quote I saw recently: *Never give up until your good is better and your better is best.*

SOJI AKINLABI

FOUNDER OF AFRICA BUSINESS RADIO

Tell us about yourself

I studied Biochemistry in Nigeria. I lost my parents in my second year which meant that I needed to find the means to sustain myself as a student. So I started buying and selling clothes, toys, books and organizing training and events for students which I did from 2004 to 2009 when I graduated. I did some lecturing after that before moving to South Africa in 2011. I wanted to pursue a Masters degree but South African institutions refused to recognize my undergraduate qualification (as an honor degree). Thankfully my brother had a media company which I joined to learn how to produce content. I was able to use the skills gained from my degree in that job doing much more than producing content.

Because the revenue was coming from the licensing of the content, I learnt how to monetize it. I was put in charge of selling the show which became my full time job. I was selling to the South African market but I figured we could expand to the rest of Africa and began to develop strategies which required an understanding of different regions.

How did the idea of Africa Business Radio come about?

During my work at my brother's media house, I was able to identify problems through my exposure and experience. In 2014, I gathered information about how to do podcasts by studying every book on the subject and watching videos. After that, I came up with "Be Gainful" which is a podcast series focusing on workplace productivity. We have different experts from different walks of life who share their experiences. I initially got CEO's and inspirational speakers to give productivity talks. I did this for a year after which I realized there was potential to do something bigger along the same lines. The future of content consumption in Africa will be digital and that also applies also to business content. The focus of Africa business radio is to bring focus to investment opportunities and analyze challenges in each region and country.

Our presenters on the show are not celebrities but people with business understanding. We look at what their strengths are and based on our strategy and focus and develop the show around that. And our shows are not like any traditional radio shows. We seek to find the facts, the analysis of experts and seek the opinions of our listeners.

What is the process and cost of setting up a radio station?

One lesson I have learned is that one needs to be able start business with minimum resources possible. Fortunately, I also

"Our presenters on the station are not celebrities but people with business understanding. We look at what their strengths are and based on our strategy and focus, we develop the show around that. And our shows are not like any traditional radio shows. We seek to find the facts, the analysis of experts and seek the opinions of our listeners…."

found a partial investor and co-founder in Dr. Morne Mostert of University of Stellenbosch who I met while working on the Good Morning Africa show. He is passionate about entrepreneurship and African Business. I set up the business in my apartment in Johannesburg initially before getting office space. The most expensive part was purchasing the equipment which I did with the help of a sound engineer.

It cost me about USD10,000 and because I have IT/Business Analysis, I was able to handle the aspect of operating the hardware myself. The most important aspect is ensuring that your streaming is flawless as it is an online based radio station. There is nothing worse than a listener having their connection interrupted due to buffering. We have made sure that that doesn't happen with ABR because we purchased the best equipment and use the most reliable programs.

Like any start up, we also catered for monthly overhead costs in the initial stages as we build up sufficient revenue to break even and hopefully achieve profitability.

How is the station performing so far and what are your sources of revenue?

We have been operating for six months and have about 25, 000 unique people and over a million in aggregated traffic on our platform on a daily basis. Our revenue is across both platforms of radio and the website. Our platinum sponsorship package allows the advertiser to sponsor the show.

What shows do you have at the moment?

The station is on 24 hours a day and plays quality contemporary African music. Some of our talk shows include African Pursuit which is sector focused. We have identified the major sectors in Africa and discuss the opportunities

there by drilling down to the figures and following the trends. We also have a current affairs show hosted by Mr. Ngubane, a young man who is passionate about radio. Our shows also have discussions on the stock market, currencies, issues impacting African countries and African policies.

In recognition of the fact that farming in Africa is pivotal to almost all our economies, we have a show on agribusiness hosted by Brenda Moloi. We also have a show focusing on productivity in the workplace that is made possible through my long standing relationship with Productivity South Africa who are our major contributor every Monday.

Another show is Be Gainful which is a podcast where we bring inspirational talks for our listeners. We recently added Doing Business in East Africa to our Saturday broadcast and are working on shows relating to doing business in Africa, the retail industry and business leadership.

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BURGERNOMICS:
HAS THE RAND BEEN OUTSMARTED IN THE CURRENCY RACE?

I have been living in South Africa for 15 years and one frustration foreigners based here face is the temperamental nature of the Rand exchange rate to other African currencies. A chart detailing the historical rate for the past 10 years from xe.com reveals that a single unit of the South African currency could easily experience a 45% swing in either direction, within a short period of time.

Spare a thought for the expatriate who negotiated an employment contract based on their salary in Kampala prior to moving to Johannesburg. Be equally empathetic to the parents whose kids have just joined a college in Pretoria and the move was planned based on the fees quoted and living expenses estimate at their time of departure. It is also a budgeting nightmare for the many who live here and have commitments in their countries of origin - loved ones to support or a home they had undertaken to build.

Let us use the Kenya Shilling as an example. At the time of writing this article, the Rand was trading at Sh. 6.60. This is an all-time low occasioned by a strengthening US Dollar, poor economic performance and a decline in exports. The shilling, like almost all African currencies, has also been affected by the stronger dollar but Kenya's Central Bank appears to have been more proactive in defending the local currency by implementing interest rate hikes.

The question is whether or not the current Rand-Shilling relationship is sustainable. Our xe.com graph shows that since mid-2011, the Shilling has consistently gained against the Rand from an exchange rate of Sh. 11 to its current level. Considering that the exchange rate is an important indicator of economic health, has the Kenyan economy outperformed South Africa's to the extent that we should concede that the exchange rate would remain at around the Sh. 7 mark for the foreseeable future?

According to Investopedia, factors that impact the exchange rate include differentials in inflation and interest rates, current account deficits, public debt, terms of trade, political stability and economic performance.

"In July, the Rand was trading at approximately 12.50 currency units to the U.S. Dollar. The raw index found that the Rand was undervalued by 56.3% at that stage and the adjusted index was sitting at an undervaluation of 29.7%. Given that the currency has depreciated by more than 20% to the greenback since then, it is likely that this undervaluation conclusion will stay the same."

I could analyse each factor at length and phone a few economists for insight to come up with a conclusive answer for the Rand. But as a layman, I much prefer the simpler alternative of looking up the price of a hamburger.

The Economist came up with the Big Mac index in 1986 as a light-hearted guide to whether currencies are trading at their "correct" level. The index is named after McDonald's bestselling burger and is based on the theory of purchasing power parity (PPP), the notion that in the long run, exchange rates should move towards the rate that would equalise the prices of an identical basket of goods and services in any two countries.

The index has since been incorporated into several economic textbooks and at least 20 academic studies. The essence of "Burgernomics" is that the Big Mac should cost about the same in Johannesburg as it does in London. If not, then the current Pound-Rand exchange rate is not at its correct level.
A Wikipedia entry records several limitations to Burgernomics.

These include the fact that eating in international food chains like McDonald's is not as popular in some countries as it is in others. Local taxes also impact pricing and McDonald's does not have the same pricing strategy for each country. In addition, like all sandwiches, they rarely look and taste exactly the same in all countries, the most differing version being that of India which is made of chicken given that beef carries religious aversion there.

That said, it has proven to be a useful detector of currency misalignment. The Economist reported that the gap between Argentina's average annual rate of burger inflation (19%) and official reported inflation (10%) is far bigger than in any other country. That year the press began reporting on unusual behaviour by the more than 200 Argentinean McDonald's restaurants. They no longer prominently advertised Big Macs for sale and the Big Mac was being sold for an unusually low price compared to other items. The government reportedly forced McDonald's to sell the Big Mac at an artificially low price to manipulate the country's performance on the Big Mac index.
The latest Big Mac index published on The Economist website was in July 2015. There are two indices; a raw index that compares Big Mac prices at their nominal values and an adjusted index that takes into consideration GDP per capita of each country given the expectation that the price would be lower in a poorer country.

In July, the Rand was trading at approximately 12.50 currency units to the U.S. Dollar. The raw index found that the Rand was undervalued by 56.3% at that stage and the adjusted index was sitting at an undervaluation of 29.7%. Given that the currency has depreciated by more than 20% to the greenback since then, it is likely that this undervaluation conclusion will stay the same.

The Kenya shilling does not feature on the Big Mac index given that McDonald's does not have operations in the country. But there are other common eateries that we can use as a reference point.

The Steers burger costs R27.90 in SA and Sh. 350 in Kenya, an index of R1: Sh. 12.54 meaning Steers sees the Rand to be currently undervalued by 47%. A burger (served with chips) at a Spur restaurant in Cape Town will set you back R65.90 but if you dine in Nairobi, it will cost Sh. 700. The Spur burger index is therefore Sh. 10.62 for a single unit of the Rand, a 38% undervaluation for the latter currency at its current exchange rate.

Finally, a burger at KFC costs R29.90 and Sh. 470 in SA and Kenya respectively. The KFC index amounts to R1: Sh. 15.71 and the highest undervaluation of the Rand at 58%.

Whereas there is a likelihood of inflation in South Africa on the back of a depreciating local currency that will see the prices of burgers rise, such increases are unlikely to counter the undervaluation percentages recorded above which are quite significant. The Rand-Shilling exchange rate is therefore at its incorrect value and any speculator with spare foreign currency should consider acquiring Rand assets on the cheap before the currency begins to experience a correction.

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HOW CEO NET WORTH
REVEALS WHO IS BETTER AT MONOPOLY

Earlier this year, I wrote a newspaper article discussing the hefty salaries of private sector CEO's in which I made an educated guess that Safaricom's CEO Bob Collymore earns about 12 million shillings a month. The chief executive of East Africa's biggest mobile service provider burst my bubble late last year when he revealed that his annual income is a little over 9 million shillings a month. Mr. Collymore earned about half a million shillings in interest and dividends in the past 12 months and his assets total Sh277.3million - a residential house in England worth Sh54 million, Sh116.1 million in cash balances and Sh107.2 million in Safaricom and Vodafone shares.

The revelation was followed a day later by a declaration from the CEO of East Africa's largest bank, KCB's CEO Joshua Oigara, who declared that his monthly salary - including allowances - amounts to Sh 4.9 million. Unlike Mr. Collymore, he chose not to list an itemised break down of his assets. He instead stated that his net worth is Sh220 million being the difference between loan obligations of Sh130 million and assets of Sh350 million comprising land and buildings, shares, motor vehicles and cash balances.

Now let us imagine that Mr. Oigara and Mr. Collymore are seating around a rather expensive table playing a high stakes game of monopoly. I would bet all my money (not enough to warrant similar declaration) that the former would win handily.

It is worth noting that the two CEO's did not use the same wealth declaration template and that the figures presented have not been audited for completeness and accuracy. We can only play this monopoly game on the basis of valid assumptions.

Now if you have never played a game of monopoly - the 'fast dealing property trading game' - here's a brief description from Wikipedia. 'Players move around the game board buying or trading properties, developing their properties with houses and hotels, and collecting rent from their opponents, with the goal being to drive them all into bankruptcy leaving one monopolist in control of the entire economy'.

The game was my favourite pastime at university. Whenever I played, there were the risk averse types who preferred not to buy certain properties and rather kept cash for a rainy day or the possibility of a better investment. On the opposite end were the risk takers who would even mortgage the properties they had to acquire more property when the opportunity presented itself. Almost always, a player in this latter group would emerge the victor.

Mr. Collymore seems to be very risk averse. We can assume this given that declaration he made appears to have been of his entire income. The only property he has is a residential property which earns him no rental income.

Besides that property, his only other investments are hard cash and shares in the group of companies within which he is employed.

Mr. Oigara on the other hand seems to appreciate the power of leverage by using borrowed capital to increase the potential return of one's investments. His loan liabilities comprise close to 40% of his investments. He would be the player who acquires assets with the cash he has on hand and proceeds to mortgage some of those properties to acquire even more assets. Given that he has 34,300 KCB shares worth about Sh1.3 million, his investments are in assets not linked to his employment. We have no indication of how much passive income he earned in the past year but I would be surprised if it was as low as the half a million shillings Mr. Collymore generated.

In the past couple of years, I have come across a different board game invented by Robert Kiyosaki called Cashflow. Unlike monopoly, it provides players with a variety of investment options other than property and the aim is for players to exit the rat race rather than bankrupt their competitors. Players have different professions with varying incomes as well as commensurate lifestyles and they only exit the rat race once their passive income matches their expenses.

Mr. Oigara would probably do better here also. Let's assume both men's expenses are equal to their current salaries and that they deploy all their net assets to an investment vehicle that earns them a return of 10% per annum. Mr. Collymore would receive Sh.27.7 million or 25% of his current annual salary while Mr. Oigara would bag Sh.22 million which equates to 37% of his annual package.

"The game was my favourite pastime in university. Whenever I played, there were the risk averse types who preferred not to buy certain properties and rather kept cash for a rainy day or the possibility of a better investment. On the opposite end were the risk takers who would even mortgage the properties they had to acquire more property when the opportunity presented itself. Almost always, a player in this latter group would emerge the victor…."

Staying with the Kiyosaki philosophy, there are only two things one spends his money on – assets and expenses. Assets generate income and therefore build wealth while expenses are costs that diminish wealth. By working with a set of valid assumptions, we can easily determine who is better at building wealth between our two successful CEOs.

Let us assume they each started working for zero remuneration and steadily increased their income to their current pay. Their average monthly income would therefore be half of their current pay. Mr. Oigara's salary over the fifteen years that he has been working would be an average of Sh.2.45 million per month while Mr. Collymore's average would be Sh.4.5 million in the thirty years that he has been employed.

On this basis Mr. Oigara has been paid Sh.441 million during his working life and his net assets are therefore 50% of his lifetime income. Mr. Collymore on the other hand has received Sh.1.6 billion in remuneration over a 30-year period, 83% of which he has spent leaving only Sh.277 million in assets. That is one serious burn rate!

In conclusion, we should all raise our hats to these two consummate professionals for their willingness to volunteer their financial information in a bid to promote transparency and reduce corruption. The information they have revealed is also useful in providing financial lessons in the quest we all share of generating personal wealth.

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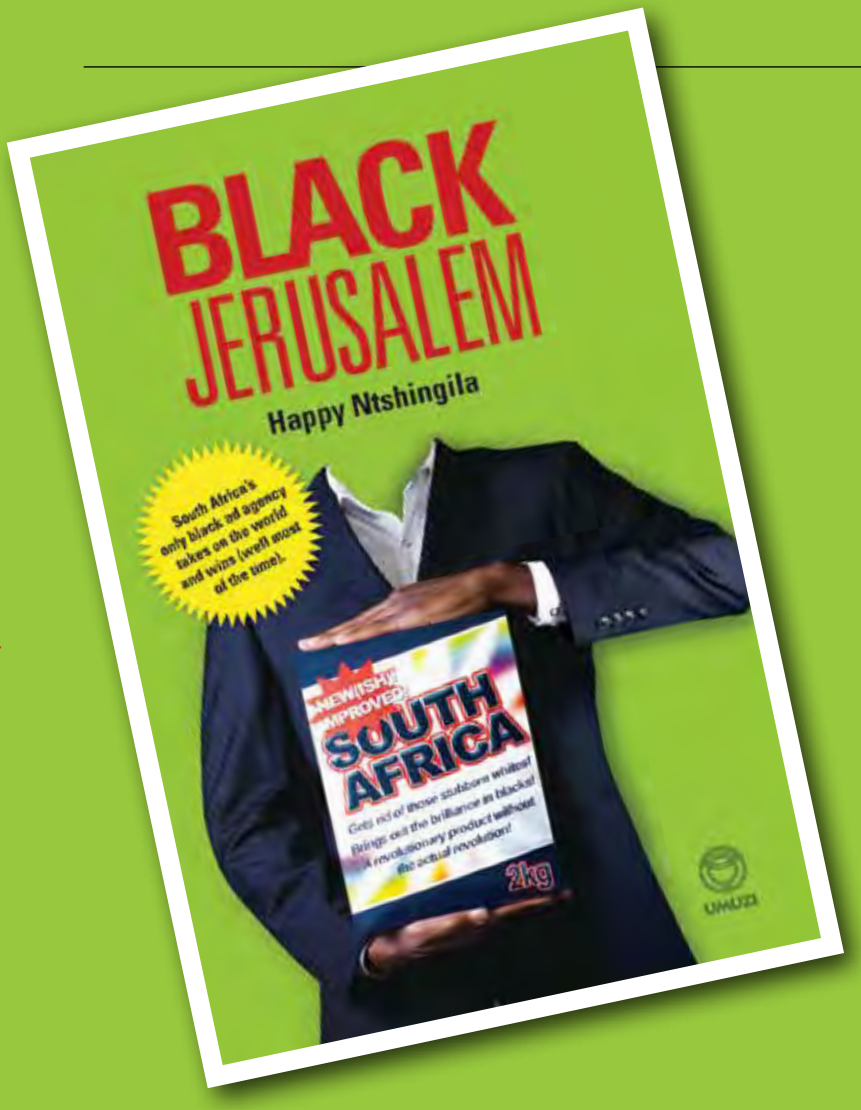

Given South Africa's current socioeconomic situation, and the pockets of revolutions springing up across the country, it feels like South Africa is at a tipping point. From the government's perspective, there have been considerable achievements particularly in the areas of health and housing. However, a level of restlessness persists as citizens expect more in terms of policy implementation. Over the past year, students took to the streets to force the government to address their concerns of insecurity and high fees. Then there are the numerous workers and miners' protests, rising unemployment rates, and restive youth who are searching for alternative and creative ways of attaining economic and financial freedom. Opposition political parties are busy making the usual promises with the aim of securing power as the government struggles to move beyond policy development to execution. Amidst this apparent disillusionment, it is refreshing to read stories that remind us of South Africa's transition in the early nineties, and the hope and opportunities that this new chapter held for many.

"It is a personal account of South Africa's first black-run advertising agency, which was supposed to be the liberator of the advertising industry at a time when South Africa was coming of age. They called it HerdBouys, and you just have to read the book to understand the meaning behind the name. HerdBouys housed the brains behind the name Monte Casino and were able to land coveted contracts such as Coca Cola, South African Airways, Telkom and MasterCard...."

Happy Ntshingila's memoir called Black Jerusalem provides the reader with such a story. Most would classify Black Jerusalem as an "oldish" book, since it was first published in 2009, but the narrative and content remain fitting, relevant and motivational, even today. It is a story that reminds the imagined reader of the power of collaboration, friendship and creative thinking, while emphasizing the importance of obdurate adherence to quality and an unwavering intolerance to mediocrity.

"Balsy" is a word I would use to summarise Ntshingila's style of writing. The author's sentences are loaded with drollness and he deliberately courts controversy in his choice of words, as suggested by phrases such as "new(ish) improved! South Africa. Gets rid of stubborn whites! Brings out the brilliance in blacks! A revolutionary product without the actual revolution." Chapter titles such as "The black trinity", "The thing about genius" and "Coca-Cola never made me. Coca-Cola will never break me," promises an exciting journey through the pages of this book. He is an incredible entrepreneur and a storyteller with a great sense of humour.

Ntshingila holds nothing back as he articulates how three men, Peter Vundla, Dimape Serenyane and himself, went on to establish a company that quickly became a force to be reckoned with in the advertising industry. It is a personal account of South Africa's first black-run advertising agency, which was supposed to be the liberator of the advertising industry at a time when South Africa was coming of age. They called it HerdBouys, and you just have to read the book to understand the meaning behind the name. HerdBouys housed the brains behind the name Monte Casino and were able to land coveted contracts such as Coca Cola, South African Airways, Telkom and MasterCard.

In the opening chapters, the author takes us through his early days in Rockville, Soweto. He unwearyingly steers the reader through everyday living and politics of township life in the nineties. Beyond the fear and poverty of living in the townships, Ntshingila portrays the hustle and street smarts that are the pulse of life. As young adults, when South Africa was ready for change and "entering the unknown", Ntshingila and his friends were prepared to play an active role "in the re-engineering of society." They recognized the rise of black spending power before giant marketers and advertisers were able to figure out how to tap and connect with this market. They wanted HerdBouys to be big, so they allied with the humble and the masses – the people on the ground - and they were rewarded with greatness.

You do not have to be interested in advertising to enjoy this book. Though many of the examples given are related to the advertising industry, Black Jerusalem is about recognizing and grabbing opportunities, understanding your brand and your market, hard work and resilience - all the important elements that make for a successful career. More than simply sharing a story, Ntshingila's message is crisp and clear, if you are passionate about something you have to go to great lengths to make it work. They lied about having an office space when starting and had many sleepless nights as they brainstormed and polished their presentations. Once, in a desperate effort to make an impressive presentation, they made a last minute purchase of a TV and DVD player but failed to get the contract.

He is refreshingly honest about the successes and fiascos of HerdBuoy, and even addresses their decision to partner with a foreign/ international "white" company while rejecting offers from local ones. A move that saw them highly criticized for "selling their souls."

Black Jerusalem is a story loaded with humour, determination and the resilience of a group of passionate South Africans determined to make South Africa's only black advertising agency (at the time) successful. The narrative reeks of arrogance, but it's not disconcerting. It is the kind of conceit that results from hard work, dark times, a taste of failure and finally success. Beyond just business, Ntshingila also shares soft emotional moments while discussing his mother and the incredible mentors who influenced his life but have long left the living. It is a well-rounded narrative.

I would also recommend reading Doing Time by Peter Vundla, co-founder of HerdBouys for a different (though not conflicting) perspective of the advertising industry and to gain insights on personal development and how to be successful in whatever you are passionate about.

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YOUNG DIVORCE

I am a social commentator. It's what I see; what I write about; what I'm passionate about. Where others may perceive the events around them as being random, I see stories. Endless stories. The burden of seeing society's stories play themselves out around me made me a very melancholy teenager who grew up into an adult who loves a good social debate.

Be that as it may, there is always a new shift in society that makes it a difficult animal to ever fully understand. Of all the topics I imagined myself writing about, young divorce was certainly not one. But alas, here I am.

To say divorce is a social norm is truly an understatement. Divorce is not news anymore unless you are Kim Kardashian. What is of particular interest to me is how common it is now to be young and divorced. A remarkable number of people are divorced by thirty. This phenomenon has been dubbed "starter marriages" or "young divorce." If you doubt how common it has become, I invite you to google the term "young divorce." In just 0.39 seconds Google will present you with 120 000 000 results.

Still not convinced?
Try googling "starter marriage" instead. Google will present you with this neatly wrapped definition right above the 1.4 million relevant results; "a short-lived first marriage between young adults, viewed as a form of preparation for a subsequent, more lasting one with different partners."

It's a thing.
From the numerous blogs, articles and commentaries on the subject, it is evident that the social stigma associated with being a younger divorcee is greater than it is being an older one. In response to perceived social judgment for being divorced before 30, one such young divorcee states "We're not sure if there's some unofficial but agreed upon correct age to get divorced. 35? Is that it? Is it the same as the requirements to be President?"

I take her point.
As I read through article upon article on the subject, I couldn't help but start to pick up a few of the shared reasons why young divorce has become so common. According to Jessica*, "I had been dating my boyfriend for three years, and he asked me to marry him, I said yes. That is the next step, after all. Who cares that we had nothing in common? Or that he didn't make me particularly happy. It was time to get married. So we did. And then we got pretty swiftly divorced. People would often ask me afterward why I got married in the first place. The real answer is complicated, but I can simplify it: You'd be surprised the damage turning down a proposal can do to a relationship. I wasn't ready to marry him, but I also wasn't ready to break up with him. And turning down a proposal, in most situations, is going to result in a break-up."[1]

Jessica's reason is by far the most common reason for young divorce. Many young divorcees, male and female alike got married because it was the next logical step. It was not because they particularly wanted to or that they wanted to be with that particular person forever. It was just time to tick that particular box. And can we really blame them? The social pressure to wed whether you are ready or not is intense. I have heard 24 year olds bemoan the fact that they are still unmarried. 24 is too young an age to worry that marriage is late.

I remember confiding in a colleague who was also a very good friend that I was planning to break up with my then boyfriend. Our problems seemed small but I knew that he was not with the right person for me. I was 25 or so at the time. "Don't be foolish Chuwe!" She said with concern. "Do you really want to start the process of looking for a husband from scratch. Some of us are out here looking for men and you

"From the numerous blogs, articles and commentaries on the subject, it is evident that the social stigma associated with being a younger divorcee is greater than it is being an older one. In response to perceived social judgment for being divorced before 30, one such young divorcee states 'We're not sure if there's some unofficial but agreed upon correct age to get divorced. 35? Is that it? Is it the same as the requirements to be President?'..."

want to give up the one you have? Just get over yourself." That sums it up doesn't it?

Having emerged from the other side of attempting to "get over herself," Jeanne, married for 11 months, makes a strong point when she says "The most common misconception that we've encountered since becoming "those divorced girls" is that we didn't try to make it work. We didn't "give it a shot." But, how long do you have to try before it counts as giving it a shot?" I invite those who say divorcees didn't try hard enough to answer this question. Are the people who suffer through unhappy marriages for longer, or forever, wiser than those who exit when they realise they are in the wrong place? This makes me wonder whether it is society's idea that once you walk into this marriage you are dreadfully unhappy in, you must suffer it forever or at the very least, suffer it through the best years of your life? God forbid you realise that you made a mistake and exit stage left?

I don't know the answer to doing marriage the 'right way'. After all, people who get married older also get divorced at a rate that is a mere 10% lower than their younger compatriots. It is my quest for answers to how this marriage thing works that led me here. It's food for thought and certainly long term fodder for my mind.

CHAITWA MAMOYO

SYSTEMS THINKING
AND THE 4 STATES OF THE SYSTEM

For many years, Da Vinci Institute adopted a '3-states' of the system approach as proposed by Zandi (2000). This approach involves an investigation into the "as is" the "as it will be" and the "as it should be" state. By exploring these issues, the organisation is able to gain a fundamental appreciation of its current positioning and gain useful insights into its future.

The "as is" state defines the current situation. It is an understanding of what is taking place within the organisation's system. In the conventional school of strategic planning it is what would emanate from a SWOT analysis.

We go one stage further by exploring what if the current managerial leadership style is not adapted to take into account the realities that are taking place? In this case, the organisation has a great propensity to destroy itself. We define this state as the "as it will be" state - this defines the system in a point of time in the future if nothing but natural influences are imposed on the system. We refer to this state as the "Early Warning" – state. In terms of the previous article, the concept of the Mess Formulation embodies both the "as is" state and the "as it will be" state. There is a well-defined process to get to a full picture of the Mess.

The "as it should be" state - this defines a desired future state of the system. It is that state that will ensure sustainable growth for the organisation. The investigation of the "as-is" and the "as-it-should-be" states is carried out by groups of people from different levels of the organisation who interact and carry out dialogues to map where the organisation is and where it should be.

It can be seen that in order to move from the "Mess" a process of "design" is introduced taking the organisation to the "as it should be" state. The design process will be described in the final article and its objective is to ensure that the new state of the system would be harmonious with its environment and would take cognisance of changes in the containing system.

Over the years, The Da Vinci Institute has worked with a wide spectrum of business and public sector organisations. In all these cases these organisations were in search of a process, which would move away from a linear approach to strategic planning. In reflecting the outcome from these interventions The Da Vinci Institute has questioned whether the notion of a 3-state description of an organisation's system adequately/holistically describes the realities, which organisations face from a systemic viewpoint?

In reviewing the impact the approach had on these organisations, it was found that in many cases, the outcome resulted in a totally new dispensation that had a profound impact on the organisation being able to meet the expectations of its stakeholders. However, in some instances the process had less of an impact and in time the organisation lapsed back into a state of disarray.

The realities of this 3 states model is that it is based on the assumption that there is a managerial leadership style in place that is capable of ensuring that the organisation has the ability to move to a desirable, more beneficial end-state. The model makes a tacit assumption that the conditions precedent to move the organisation from the "as-is" state to the "as it should be state" is conducive to a transformational leadership style (Transformational Leadership Report, 2007) in which those responsible for the "redesign" of the system are fundamentally systemic in their thinking and managerial leadership styles.

In truth such an assumption does not reflect the reality of what is found in organisations throughout the world. In many cases, contrary to the notion of transformational leadership characteristics (Transformational Leadership Report, 2007; Bass 1990) there is evidence of transactional leadership characteristics which mitigate the ability to design a new system, which has the desirable end results.

Da Vinci has identified the concept of a counterpointing situation in which the organisation, depending upon the prevailing managerial leadership styles, can move either in a positive direction which implies a transformational leadership style (the "as it should be" state) or a negative direction resulting from a leadership style which is transactional. In recognition of this pivotal issue the concept of a 4th state namely the "as it could be" state has been identified.

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ROY & DEE MARCUS

HOW SOUTH AFRICA COULD
FUND STEEPER HIGHER EDUCATION COSTS

Recent student protests over tuition fees, university staff and curricula, university autonomy and outsourcing have highlighted a number of issues facing South Africa. The agreement not to increase fees in 2016 has left the country with a short-term education financing gap. The increasing demands for free university education leave it with a longer-term, and much bigger, financing issue.

Can South Africa meet the funding shortfall in 2016? Yes.

Can it afford free education for all? No. Someone will have to pay.

The impact of no fee increases

In the short term, the impact of the 0% increase is unlikely to raise eyebrows, if it is indeed a once-off. Cost estimates range between R2.6 billion and R4.2 billion, depending on the methodology used.

One fairly objective estimate of the cost is based on the weights from the consumer price index, where the cost of education accounts for 2.95% of consumer spending (basic and secondary education account for 1.72% and tertiary education accounts for 1.23%). GDP is now forecast at R4.35 trillion, which corresponds to R2.7 trillion in consumer spending. Applying the 1.23% weight to consumer spending gives an estimate of the cost of tertiary education.

Between 2009 and 2015, tertiary institutional fees escalated at around 4% to 5% above the rate of inflation. Similarly, student numbers increased over that period, suggesting the weights above need to be adjusted upwards. For that reason, we assume a 1.5% consumer weighting.

Thus, the cost of university fees (excluding bursaries) would be close to R40 billion per annum. Given that the student protests were sparked by a 10% increase, that implies R4 billion is needed. If that is the only cost, the budgetary impact will be small.

If funded by government, without using the contingency reserve (only R2.5 billion has been budgeted for the 2016 contingency reserve), the knock-on effect on the budget deficit would be no more than 0.1% of GDP (R4 billion from R4.35 trillion GDP, yields 0.092% of GDP).

Is free university education affordable?

Using the same values above, free university education would require a minimum injection of R40 billion from the public purse. Such an injection implies that the deficit would increase by nearly 1% of GDP, if not funded from alternative arrangements.

The amount could be raised through borrowing and monetising that deficit. But monetising leads to inflation, which is bad for the poor. Thus, tax revenues, either current or future, would need to rise.

Also, fees are not the only cost to university attendance. To attend a residential institution, students need "study-friendly" accommodation near the institution and adequate nutrition. The overall cost to the fiscus could be as high as R100 billion per annum.

"Despite potentially exacerbating brain-drain, a higher education tax is a practical solution. It allows for both "private" returns to education and "social" returns to education. For example, social workers are paid less, and, therefore, could be taxed at a lower rate, while accountants earn more, and could be taxed at a higher rate.Furthermore, it embodies the concept that education is an investment in our future…."

Due to the fact that reduced tuition disproportionately benefits the wealthy, it is unlikely that free education will be made available for all.

For this analysis, we assume a cost of R60 billion, which includes the R40 billion and a back-of-the-envelope estimate of the additional amount needed by the state-owned student lender, the National Student Financial Aid Scheme (NSFAS). For 2014-2015, NSFAS received R8.8 billion, which was between one-half and one-third what was required. We round the amount to R20 billion.

Raising an extra R60 billion in a depressed economic environment through taxation is a daunting task. The Medium-Term Budget Policy Statements suggest that South African Revenue Services still has scope to raise further revenues from clamping down on tax avoidance.

In addition, the government will look to clamp down on the use of transfer pricing by multinational companies as a means of avoiding tax. But these improvements in collection will not cover the additional costs.

Other options include an increase in value-added-tax (VAT), personal or corporate income taxes or the siphoning of funds from some other activity. The VAT rate at the moment is 14%.

On the basis of simulations we have done, VAT would have to go up by around 0.6% to 14.6% to raise revenue by R60 billion. For personal income tax, the feasible increase rate would lie between 1%-5%, depending on the degree of bracket creep and spread assumed. On the other hand, the public sector wage bill is in the range of R450bn, and increases of 7% were recently agreed.

How about a higher education tax?
The government could also consider the introduction of new taxes, such as a carbon tax, wealth tax or higher education tax.
A higher education tax, as in the UK, has appealing elements. It is imposed on those who have earned a higher education degree, can be scaled to earnings, and a set number of years.

The tax could also be applied retroactively. According to the 2011 census, there were 3.6 million individuals aged 20 and older holding a higher education qualification. If a higher education tax was applied to all 3.6 million, the average higher education tax would be about R16,667 per degree recipient per annum.

The actual average would be subject to whether or not every degree holder pays, payments are limited to a certain number of years post completion and whether the type and level of degree are also factored in. The average would also depend on how it is scaled to income, the total number of students in the system and the number of students that complete and find jobs.

For the most part, graduate unemployment rates are much lower than for the rest of the population. But emigrants would disproportionately benefit from such a tax, potentially exacerbating brain-drain, and the tax could also create disincentives to the immigration of skilled labour.

Despite potentially exacerbating brain-drain, a higher education tax is a practical solution. It allows for both "private" returns to education and "social" returns to education. For example, social workers are paid less, and, therefore, could be taxed at a lower rate, while accountants earn more, and could be taxed at a higher rate.

Furthermore, it embodies the concept that education is an investment in our future.

But many potential pitfalls to "additional taxes" remain. Without a doubt, the combination of the required tax increases and the sheer magnitude would substantially erode disposable income. It would also lead to significantly weaker growth.

STEVE KOCH, University of Pretoria and RAMOS MABUGU Stellenbosch University.
This article was originally published in The Conversation.

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#ARMCHAIRCRITICSMUSTFALL

LET US GO BEYOND IDENTIFYING PRIVILEGE

Privilege does exist. I heard of an analogy of privilege in relation to South Africa that went something like this: 'Privilege is like sitting in class and the teacher asks us to throw a crumpled piece of paper into a rubbish bin placed in the front of the class. The kids in the front of the class will have a better chance than the ones at the back. In South Africa, the kids in the front are generally white and the ones at the back are black".

At university, I lived with a mate whose folks had bought him a house to stay in. Our rent was part of his pocket money whilst I had about five jobs at the time. I remember cycling home from working at the gym one Sunday afternoon and watching the guys having a ripper recovering from the previous nights rave.

I didn't think it was privilege at the time, I was doing what I had to do to get where I needed to be. Then there is 'black tax', it's hard out there. So now you have 'made it'. You have to pay off a student loan, get a car, a house etc. and to top it all you have Auntie Serwaa and Uncle Jojo that you have to send cash back to in the village or folks you have to look after because they spent what they had to make sure that you did better than they did.

Privilege is marching because travelling overseas has become more expensive and at the same time, human beings are mowed down by the police in Marikana.

I was also privileged. I grew up in the Transkei, attended a great Cape Education Board school. Only after school did I realize how fortunate we were to have attended such a school at that time. Looking at my past school photos, I noticed that in the early years, the only class mates of colour were children of expats or South African kids whose parents had some influence. Insane right?

A friend of mine and I were having a conversation the other day and she was telling me about a guy she met that was a 'black' version of a friend of hers. Why couldn't he just remind her of her friend?

I recently came across the following tweet: *"More than 25 years after Apartheid ended, the victims are increasing along with a sense of entitlement and hatred towards minorities…."*

I can't comment on the author's intentions when writing this, but if I read this it makes some sense to me. The victims of apartheid have definitely increased. More people have been born into squalor, lack of opportunities and are indoctrinated with hate, anger and the use of race as a first judgment of another. There is a growing sense of entitlement across the board, the "haves" want to continue having, and the "have-nots" want their share of the New South Africa.
There is clearly a growing hatred towards minorities. Minorities could refer to foreigners too right? What I think he left out is that there is also a growing hatred/fear towards the majority. We are so blinded by race that it is our default position. If Moeletsi Mbeki had written this, I doubt anyone would have batted an eyelid.

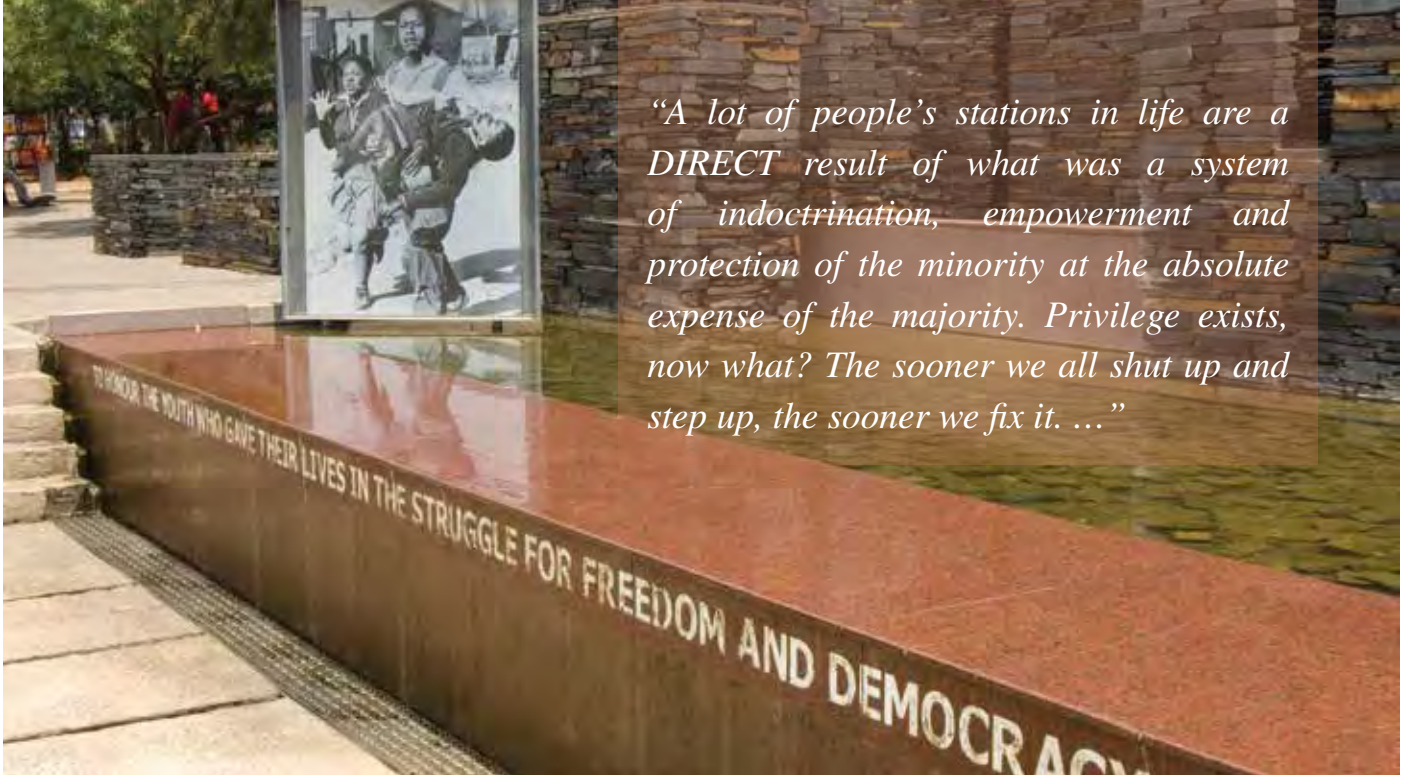
Since 1994 it has mainly been the disenfranchised in the country that have been 'offering the olive branch'. TRC hearings, not too many "haves" even bothered with it. Rugby, the embodiment of the old guard, the formerly oppressed rallied behind the Boks hard in 1995. Rugby went to Soweto, red carpets were rolled out and what an experience that was. On the other hand, I remember when soccer was banned at Newlands in 2001 and the case had to be taken to parliament.

The haves worked hard to build their wealth, but who works harder than a lady who wakes up at 4.30am, makes sure her family is fed, ready for school/work…walks a to a taxi rank so she can get to my house before 7.00 so I can get to work before 8.

I sit in a posh air-conditioned office whilst she scrubs my floors, feeds and walks pets/kids, washes and irons clothes and gets home at some ungodly hour, feeds the family, goes to bed… repeat...all this for a mere fraction of what I earn working my 'hectic' office job.

A lot of people's stations in life are a direct result of what was a system of indoctrination, empowerment and protection of the minority at the absolute expense of the majority. That Sparrow lady is as much a victim of apartheid as anyone else. And she is not alone in her thinking!

Privilege exists, now what? We all stand to lose. No more saying 'get over it', blaming government, trying to protect our 'turf'. Let's roll up our sleeves.



"A lot of people's stations in life are a DIRECT result of what was a system of indoctrination, empowerment and protection of the minority at the absolute expense of the majority. Privilege exists, now what? The sooner we all shut up and step up, the sooner we fix it. …"

During the #feesMustFall saga I realised that good education from great educators has helped me immensely. Education is a key to solving many of our woes. So I sent out a tweet and just like that we're setting up a trust with 32 people committed to contributing R10 000 a year for 4 years. There will be the multiplier effect in the communities they come from either through assisting those around them or inspiring others.

Yes we pay taxes but the situation is dire and it needs all hands on deck and we can make a difference no matter how small. That's if we care.

We are the sum of our parts and we are stuck with each other. The sooner we all shut up and step up, the sooner we fix it. #ArmchairCriticsMustFall.

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NET WORTH
TALK SENDS THE WRONG MESSAGE

Kenyan social media was recently swamped with chatter about certain millionaires and billionaires who revealed the extent of their riches. It began with the CEOs of KCB and Safaricom declaring their wealth in a bid to promote openness in the anti-corruption fight. Soon after, Cabinet Secretaries nominated by President Kenyatta did the same - this time as part of the Parliamentary vetting process.

In the very same week, a local newspaper carried a story about a 31-year-old businessman that was implicated in a multimillion shilling theft. The person in question appeared a few days later on a television talk show where he indicated that his company is worth three billion shillings. Activist Boniface Mwangi also saw it fit to declare that he is worth three million shillings.

The wealthy amongst these fellows have become the talk of the town dominating discussions from bars to WhatsApp chat groups invoking a range of emotions including admiration and envy.

The issue of net worth has become very popular in recent times. Forbes magazine has made a name for itself in being at the forefront of publishing the net worth of the super-rich. There are also several popular TV shows on the subject of wealth, from programmes on the E! channel featuring celebrity billionaires to Rich Kids on Vuzu Amp.

The declaration of net worth is useful when it serves a purpose such as curbing corruption. However, the culture of monetary voyeurism developing around such declarations sends the wrong message to our young ones, that their primary aspiration should be to acquire more money than their peers at all costs. Many publications ranked the cabinet secretaries in order of wealth in a manner that suggested one that was doing better than the other with one publication referring to the one with the lowest figure as “the least prosperous”.

Yet in truth, there is a point at which additional wealth does not result in additional comfort. It is quite unlikely that the lifestyle of Mwangi Kiunjuri who has assets worth 798 million Kenya shillings differs significantly from that of Dan Kazungu who declared assets of Sh. 100 million. They could live in the same neighbourhood, drive the same car and fly business class to the same destinations.

Despite this, our culture continues to put the wealthy on both a scale and a pedestal. Our preoccupation with the quantum rather than the process leads us not to question the source of such filthy affluence. As Anzetse Were noted, “In Kenya, accumulating wealth has become the life goal of many citizens. So ingrained is this notion that it no longer matters whether one has beaten, robbed or stolen one’s way into wealth.

As long as one is wealthy, respect, power and access to opportunities often follow. The obsession with wealth fuels corruption at both the macro- and micro-level because individuals want to save money or make money by dabbling in what is essentially immoral and/or illegal behaviour.”

Our acceptance of asset listings at face value is best illustrated by the fact that one who has spent less than two decades as a public official can declare wealth of hundreds of millions of shillings without fear of any repercussions.

Financial security is important to everyone but our children should not be taught that this is the be all and end all of our existence. Society would be greatly improved if they were made aware from an early age that financial prosperity does not mean life will be problem free.

In fact, according to an article by Angela Henshall on BBC’s website, research has shown that there is a set of problems specific to the super rich. These include the fact that wealth attracts legions of people such that it becomes difficult to discern who your real friends are. Also, because divorce is somewhat easier for rich people they have less motivation to slog through the hard patches.

Personal security and safety would always be on the mind of a billionaire who would be a prime target for kidnappers. But perhaps the biggest problem they have is raising kids who do not know struggle. The article quotes Ben Mezrich who wrote “struggle is the human condition, the key to evolution, the reason we adapt. If you don’t have to struggle, you don’t really have to get smart or strong, you just drift along.”

We have multiple examples in Kenya of billionaires who die and leave their lazy offspring to fight over what to them is free money. It is for this reason that Warren Buffett has been quoted as

saying he would leave 99% of his vast wealth to charity and not his children. He stated he would give his children "just enough that they feel that they can do anything but not so much that they would feel like doing nothing".

It is through struggle that respectable multi-millionaires like MODE's Julian Kyula and Equity's James Mwangi attain wealth. Struggle motivates them to identify a problem and innovate a solution. This innovation is rewarded by financial prosperity and most billionaires subsequently become philanthropists as part of the problem-solving process.

The trouble with many Kenyan billionaires is that we cannot identify the problem they managed to solve or unique business opportunity they managed to harness within the confines of the law. It is one thing to become wealthy, but it shouldn't be admirable if the wealth accumulation process is unclear or when it is somewhat clear, it isn't noble.

Our children should aspire to make a difference. Television shows and publication lists should be featuring the next Wangari Maathai and not just individuals who are in/famous simply because of their fortune.

In this regard it was refreshing to read the profiles in the list of the Top 40 under 40 Kenyan men; men who are making a difference in society not just piling up personal cash.

I will end with the words of Nelson Mandela who once said "In judging our progress as individuals we tend to focus on external factors such as one's social position, influence and popularity, wealth and standard of education... but internal factors may be even more crucial in assessing one's development as a human being: honesty, sincerity, simplicity, humility, purity, generosity, absence of vanity, readiness to serve your fellow men - qualities within the reach of every soul and the foundation of spiritual life."

KC ROTTOK

"The monetary voyeurism culture developing around such declarations sends the wrong message to our young ones that their main aspiration should be to acquire more money than their peers at all costs. Yet in truth, there is a point at which additional wealth does not result in additional comfort…."

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LACK OF DIVERSITY AT THE ACADEMY AWARDS

In what's becoming an annual occurrence, we're in the midst of a highly publicized debate over the lack of diversity among the Oscar-nominated performers and filmmakers. Outside groups, including the NAACP, are up in arms. Several celebrities – some of them Academy members – have announced their intention to boycott the big night.

It's not the first time that the Academy of Motion Picture Arts and Sciences has been taken to task for what seems to be ethnic or racial bias.

There was outcry in 1986 when Steven Spielberg's "The Color Purple" was shut out, failing to take home a trophy in any of the 11 categories in which it was nominated. In 1989, Spike Lee's iconic "Do The Right Thing" – which earned two nominations – was trumped by the relatively tame "Driving Miss Daisy," which won best picture.

And last year, despite a best picture nod, "Selma" director Ava DuVernay and lead David Oyelowo were conspicuously absent from the lineup of nominees in their respective categories.

The current wave of criticism does seem to have hit a nerve with industry bigwigs. The venerable Academy of Motion Picture Arts and Sciences, which selects nominees, is talking reform.
But it would be naïve to expect any substantive changes anytime soon. Few bodies operate under such arcane rules, or are as widely misunderstood, as the Academy.

Consolidating power

Born in 1927, the Academy was the result of organizational efforts by the vertically integrated "majors": firms that owned the studio complexes that made films, in addition to the chains of first-run theaters where they'd be shown.

In the early 1920s, these firms – which included Paramount Pictures and MGM – had already banded together under a single regulatory "Production Code" in response the threat of government censorship.

Self-regulation became the movie industry's modus operandi. The ostensible competitors also needed to cope with the impending – and, ultimately, hugely expensive – shift from silent films to sound. To avert meddling by the state or chaos in the marketplace, studio heads came to the table to strategize an orderly transition that protected their common interests.

Censorship aside, the specter of organized labor may have been most instrumental in scaring the Academy into being. By the mid-1920s, musicians, projectionists and a number of technicians were already organized, some under the umbrella of the International Alliance of Theater and Stage Employees. Actors Equity, which had joined the AFL in 1919, was beginning to make inroads in the movie business.

The Academy, then, was an initial mechanism for collusion among the majors – a sort of "house union" that organized more white collar employees under the careful eye of their bosses.

The awards part of the Academy, according to lore, was the brainchild of Louis B. Mayer (the Mayer in Metro-Goldwyn-Mayer), an old-time mogul and one of the founders of the Academy. Mayer originally thought the awards would be a way to incentivize employees. But the entertainment business also had long since learned the financial advantages of making a spectacle of itself. Attracting attention – the right kind, at least – elevated studio brands, while burnishing the profiles of the movie stars that were arguably the majors' most valuable assets.

Radio coverage began in 1930, with the second awards ceremony broadcast live over network radio, effectively turning the movie business' top competitor into a platform for promotion. In 1953, the Oscars came to prime time, with the first ceremony televised on NBC. (Media convergence was a thing long before we started watching videos on our cellphones.)

Whatever else the Academy Awards may or may not be, they are indisputably a triumph of canny public relations. Today, regardless of who wins or loses, every February – in newspapers and magazines, on social media and around water-coolers – talk turns to the movies.
An insiders-only affair

Still, for all the glare and chatter around the glamorous awards ceremony, the Academy remains a fairly shadowy presence that, since its inception, has

been part trade association and part secret society.

It's very much an "insiders only" affair. The only way in is by nomination: either nomination by at least two existing members, or, later, when the Academy began handing out prizes, nomination for an award.

Regardless, a Board of Governors – three elected from each of the 17 branches within the Academy – ultimately signs off on who gets to learn the secret handshake. And once you're in, you're pretty much in for life.

This means that while there's considerable diversity among more recent inductees, the membership inevitably retains large blocs of members whose careers were in full flower and whose tastes were formed decades ago.

It's also an eclectic bunch. Originally restricted to producers, directors, screenwriters, actors and "technicians," the ranks have swelled to include casting directors, agents, editors, PR and marketing professionals, stunt coordinators and more.

But despite this variety of occupations – and despite a woman of color, Cheryl Boone Isaacs, serving as president – the Academy reportedly remains 76 percent male and 94 percent white.
The average age? Sixty-three.

Unwritten rules

Politics, shifting tastes and trends, and the economics of entertainment all play a part in the nomination and selection process.

In the final round, every one of the Academy's 6,000-plus voting members theoretically has a vote in each category.

Inevitably, most votes will end up being cast outside the voters' area of direct expertise: plenty of cinematographers have a say in assessing the work of their peers, but they're joined by all the sound editors, who also weigh in.

No one could ever hope to see the hundreds of films eligible to be nominated. For this reason, even getting on the voters' radar is a challenge unto itself, particularly for low-budget films lacking the industry connections and backing that can build buzz.

Studios and distributors woo critics and tastemakers, lobbying for votes and hatching ingenious movie release strategies. In the 1990s, the resourceful Weinsteins' Miramax raised the Oscar campaign to an art form, repeatedly garnering Academy accolades for pictures whose quirkiness, paltry budgets and uneven box office receipts might otherwise have kept them out of the running.

Nostalgia plays a big role, too. There's a tendency to hand out timely kudos to aging artistes before they face that last, long fade to black (and have to be cut

"While there's considerable diversity among more recent inductees, the membership inevitably retains large blocs of members whose careers were in full flower and whose tastes were formed decades ago. And despite this variety of occupations – and despite a woman of color, Cheryl Boone Isaacs, serving as president – the Academy reportedly remains 76 percent male and 94 percent white. The average age? Sixty-three…."

into the following year's tear-jerking "In Memoriam" montage).

When not racing the Reaper, the "members-for-life" sometimes play a long game: younger performers are sometimes told to "wait their turn." In 1974, after his second go as Michael Corleone in "The Godfather: Part II," Al Pacino lost the Best Actor award to Art Carney. Voters made it up to him for "Scent of a Woman" in 1992.

The Academy Award nominations, then, reflect the statistical consensus of a community of professionals, who lend their support to highly promoted work created by their most well-liked colleagues.

Depressing parallels

This year's nominees aren't really the problem; they're merely a product of how the film industry's oldest and most influential organization has evolved, and the biases that have endured within that industry.

The motion picture industry is a massive business, counting box office receipts by the billions.

Wound up within a network of media conglomerates more powerful than the majors of the 1920s ever dreamed of being, today's film industry still excels at drawing attention to itself – to its triumphs and failures and festivals.

But behind the show itself, the business is – like so many others – stodgy, clubbish and opaque, a place where a tiny number of individuals make decisions that affect vast numbers of people – and make shockingly large amounts of money.

For reasons of race, gender and class, people with the bad luck to be on the wrong side of the privilege equation face odds as daunting as – if not more so than – those faced in most parts of American public and corporate life.

Among the top 500 firms in the United States, there are only five black CEOs. More than 80 percent of execs at the biggest investment banks are white, while and 362 of the 438 members of the Unites States House of Representatives are men (361 of them are white). By comparison, the demographics of AMPAS look positively progressive.

Show business, so willing to celebrate itself as the opposite, works depressingly just like all the other businesses we know.

Fixing the inequities of the Oscars – without addressing the inequities of the industry – is just more smoke and mirror, sound and fury.

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WHY RICH PEOPLE SHOULD DO MORE TO SAVE THE WORLD

One of the remarkable outcomes of the climate change negotiations in Paris is an initiative launched by 28 billionaires on the sidelines of COP21 to push for an increase in funding for clean energy technologies.

The Breakthrough Energy Coalition was pioneered by Microsoft founder Bill Gates. It is aware of the limits of what governments can achieve on their own in shifting the pattern of industrial development and consumption towards cleaner energy.

Even though public funding is critical to the development of new technologies, commercialisation by the private sector is what brings them to the market.

In the age of austerity, many governments are not equal to the weight of the challenge at hand. This is particularly true when it comes to increasing public investment into new areas of research and managing a future that is confronted by multiple risks.

The energy challenge is particularly daunting for Africa. Sub-Saharan Africa is energy starved, with 600 million people out of a population of 973 million without access to electricity. The entire region, excluding South Africa, has an installed generation capacity of 28 Gigawatts, equivalent to Argentina.

This, in turn, affects growth, industrial development and employment. It condemns Africa to a perpetual state of catch-up, chasing after elusive shadows of growth and prosperity.

Plugging the gap

Given the general lack of fiscal resources and technical capacity in many African governments to deal with this backlog, working with the private sector becomes a necessity. Africa provides a testing ground for innovative solutions, and initiatives such as the one Gates has pioneered could offer a great opportunity to plug the gap.

Without a doubt, governments need to play their part in creating the right environment to attract greater private sector investment. But ultimately success will hinge on collaboration.

In today's global system, power to effect change is more laterally organised, and diffused across states, business, wealthy individuals and other influential non-state actors. Solutions to major social challenges at the domestic and global level hinge on co-funding, co-design of solutions and harnessing of will across the private and public sectors.

As William Eggers and Paul Macmillan point out:

citizens, businesses, entrepreneurs, and foundations, often turn to each other rather than relying solely on the public sector to coordinate solutions to every problem.

The fundamental mark of the shift in the global landscape of power today may not be the rise of emerging economies but the growing role of private individuals and a host of non-state actors. Some may well be far more resourced than many states.

"Although they are often maligned and associated with greed, billionaires such as Gates and others have shown that wealth can be deployed in the service of humanity, especially to purchase a more sustainable future for the next generation. Since wealthy individuals tap into their personal resources, they do not need to jump bureaucratic hurdles before they commit resources. And the reach of their impact can defy artificial national borders…."

Writing about a Third Industrial Revolution nearly a decade ago, the futurist Jeremy Rifkin predicted that there would in future emerge an infrastructure of collaboration to build momentum for what he called a "post-carbon" future. This collaborative network would comprise the private sector, civil society and governments.

The role of wealthy individuals

Although they are often maligned and associated with greed, billionaires such as Gates and others have shown that wealth can be deployed in the service of humanity, especially to purchase a more sustainable future for the next generation.

Since wealthy individuals tap into their personal resources, they do not need to jump bureaucratic hurdles before they commit resources. And the reach of their impact can defy artificial national borders.

Dubbed the philanthrocapitalists, the 28 billionaires who clubbed together in Paris, are collectively worth an estimated $350 billion. They are drawn from both the developed and the developing world. Apart from household names such as Gates, Mark Zuckerberg and Richard Branson, there

are also Chinese magnates such as Jack Ma and Neil Shen; Indians (Ratan Tata and Mukesh Ambani); a Gulf prince Alwaleed bin Talal; Nigeria's Aliko Dangote; and South Africa's Patrice Motsepe.

They have found a social outlet for their wealth. Their aim is to push for a shift away from the production paradigm of 18th to 19th centuries' industrial revolution, and to create a more sustainable future driven by clean technologies.

In the context of mitigating the effects of climate change, the Gates-led super elites will be working with 19 governments from developed and developing countries. The countries have signed up to an initiative called Mission Innovation aimed at achieving global innovation on clean energy. Developing countries that are part of the initiative include Indonesia, India, Mexico, Brazil, Chile, China and the United Arab Emirates. Not a single African country is member.

There are touted benefits for member countries. The group of 28 investors will prioritise countries that are part of the project in channelling investment into research pipelines.

The collective is seeking to address the twin challenges of:

- low scales of investment into green technologies of the future; and
- energy security.

For example, they cite the fact that the current scale of funding towards clean energy research is a paltry at $10 billion. The investors are committing themselves to double this to $20bn over next five years.

Given South Africa's energy constraints and its commitment to a low-carbon trajectory, it is surprising that it did not sign up to the initiative. It would make sense for the country to use this platform to draw lessons and position itself closer to evolving frontiers of clean energy.

Hopefully South Africa and other African countries will, in time, participate.

Why collaboration is important

There are a number of lessons that can be drawn from the initiative.

The first is that individual philanthropists or governments working apart from the private sector cannot address major national and global challenges.

Collaboration is the future.

Collaboration and networks are likely to be the most effective instruments for tackling social problems from health to food security to climate change and a host of collective problems that confront us in the 21st century.

Remarkably, the group of philanthrocapitalists acknowledge that governments can act proactively by increasing their role in investing in research to stimulate new industries and to seed private creativity.

The role of philanthrocapitalists and entreprenuers is to scale up funding and push these technologies towards commercialisation.

If this initiative is sustained, it can be a pioneer for a new form of progressive global capitalism.

There is a need for more philanthrocapitalists who care about the future, who seek to create something that would sustain long after they are gone, and who understand that the value of wealth is to contribute to the betterment of humankind.

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SOCIO- ECONOMIC ARGUMENTS AGAINST DISRUPTIVE TECHNOLOGIES

I recently travelled from Johannesburg to Cape Town, a trip I have made for business purposes on several occasions. I would normally drive to the airport, leave my vehicle in long term parking and hire a car at my destination which would ferry me to my hotel.

This time I did things differently. I took an Uber to the airport and used the same service to get around Cape Town. My nights were spent in the spare room of a well situated house booked through the Airbnb app at a fraction of what the cheapest hotel was charging.

Uber is a phone application whose main advantage is its ability to locate the nearest taxi to its passenger translating to a waiting time of only a few minutes. It is generally cheaper because the passenger is charged for a single trip unlike traditional taxis that would charge you the cost of returning to their station. I have met people in Johannesburg who have sold their cars because using Uber exclusively is considered cheaper.

Airbnb is a similarly disruptive application which enables home owners to rent out spare rooms to travellers.

Established businesses hate such applications. My latest trip denied three of my usual service providers revenue – the airport parking service, the car hire company and the hotel.

It is not surprising that local operators are up in arms across the globe against the likes of Uber, the latest reports emanating from Nairobi. This became a trending topic on social media where one observer tweeted: "I wish one of you had a cab with a loan on it and were being disrupted by Uber, then you would know how the shoe fits".

In South Africa, a senior executive of mobile operator MTN called on the Independent Communication Authority to regulate the use of the WhatsApp chat application. They argued that they had invested R10 billion into the country which they expected to recoup through such products as short message service (SMS) but the use of WhatsApp is making that difficult with minimal outlay.

These are the appeals to consider the socio-economic impact of a new product. It mirrors the noises that have greeted the launch of Netflix, an American website that allows paying

"Like Uber, Whatsapp and Airbnb, Netflix has also been criticized for the minimal contribution they make to the countries in which they operate. They are difficult to tax and because of their reliance on technology, they do not require office premises in-country or a significant number of employees…."

subscribers access to television content. Kenya's film board chairman, Bishop Kosgei, said that Netflix' film streaming services in Kenya remain a threat not only to moral values but also to national security. Internet services are indeed difficult to regulate.

Like Uber, WhatsApp and Airbnb, Netflix has also been criticized for the minimal contribution it makes to the countries in which it operates. They are difficult to tax and because of their reliance on technology, they do not require office premises in-country or any significant number of employees.

Netflix's main competitor Multichoice recently celebrated its 20 year anniversary in Kenya. The celebrations were dominated by an elaborate presentation of their socio-economic impact in Kenya which was backed by an independent report from Deloitte.

"MultiChoice activities in Kenya contributed Sh16 billion to Kenyan GDP in 2014 with a direct injection of Sh3.2billion to GDP," the report stated. About 70% of the company's direct contribution to the economy consists of tax payments while 23% is on wages, 6% dividend pay out to the Kenya Broadcasting Corporation and 1% was spent on its Corporate Social Responsibility activities."

Other companies that have turned to socio-economic impact in the face of stiff external competition include Kenya Airways. In May 2015, the airline's CEO wrote an article in the local dailies to address what he termed "untruths peddled in the media and other circles".

"There are many reasons why Kenyans should be proud of their national carrier," he wrote. "Besides being one of Africa's leading airlines, Kenya Airways is central to the regions tourism and business interests, ferrying tourists and investors. The airline is also one of the largest employers in Kenya with over 4000 direct employees, not to mention the significant direct and indirect benefit from its expansive business ecosystem...Kenyans therefore need to rally behind their airline."

Although it is a compelling argument, we are all acutely aware of what happened to Rivatex which once employed more than 1000 employees and provided a market of approximately 900 tonnes of cotton to Rift Valley farmers.

The entry into the market of cheap second-hand clothing known as mitumba provided competition that was beyond challenge. Transcentury's flagship subsidiary East Africa Cables is facing a similar predicament.

The question is, when making a buying decision, is the consumer significantly influenced by the socio-economic impact of the product they buy? Would you drive an arguably ugly Mobius vehicle because it supports manufacturing in Kenya? Is the Buy Kenya Build Kenya plan thriving or failing?

All signs point to the idea that consumers will not sacrifice the promise of value for money at the altar of socio-economics. And as the march of technology points to disruption in almost all industries, more and more examples of Silicon Valley wonders toppling our current business models are bound to emerge.

In 2013, Oxford University researchers forecast that machines might be able to perform half of all U.S. jobs in the next two decades. One option is to use technology to counter the disruption just as Multichoice has done launching the streaming service Showmax. Another option is adopting the disruptive technology; nothing stops the operator who has "a cab with a loan" from registering it with Uber.

Either way, traditional businesses need to adapt or die.

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